

Alberta's Energy Minister Tours Heartland Region

Over \$14 billion in current and planned expansion in Alberta's Industrial Heartland showcased to provincial government officials

February 4, 2015 (*Fort Saskatchewan, Alberta*) — Industrial growth continues in Alberta's Industrial Heartland despite recent challenges to the province's energy sector from lower oil prices. Alberta's Energy Minister, Honourable Frank Oberle, along with local MLA Jacquie Fenske, Fort Saskatchewan/Vegreville, toured the Heartland region to witness the steady activity. Minister Oberle and MLA Fenske also met with local industry and organization representatives.

"Alberta has the expertise to produce high value energy products and I was pleased to see firsthand how the Heartland region continues to grow and attract investment. By working together, we will weather the current low price environment and ensure this region has a bright future as a leader in value-added and petro-chemical development," said Frank Oberle, Minister of Energy.

Industrial Growth Amidst Challenges

As Canada's largest hydrocarbon processing sector, continued growth in Alberta's Industrial Heartland helps stimulate long term investment, jobs and revenue in the petrochemical and oil sands logistics sectors. There is currently over \$30 billion invested to date in the region. An additional \$14 billion is [under construction or planned](#) in the near term.

"Our province is facing major challenges related to the current commodity pricing cycle, confounded by access to markets, and other external factors," explained Wayne Woldanski, Chair of Alberta's Industrial Heartland Association (AIHA). "We discussed with Minister Oberle and MLA Fenske our support of the province's continued efforts to open pipeline access to Eastern Canada and international markets. We also believe that policies to expand energy diversification in the province will provide a host of benefits for all Albertans – jobs, new markets, and stable revenue to pay for our roads, schools, and hospitals."

Stimulating New Investment

New investment is focused on oil sands logistics, natural gas processing and manufacturing. Part of this expansion is due to Alberta's policy and competitive tax regime. For example, the province's ethane extraction program has stimulated over \$3.5 billion in direct investment from Dow, Nova Chemicals, and others while encouraging innovation from mid-stream producers in Alberta's Industrial Heartland such as Williams Energy. Williams captures offgas from the oil sands and supplies ethane/ethylene from its fractionator in Redwater to Nova's operation in Joffre, Alberta.

"While we are seeing a commitment from industry to pursue many of their plans for expansion, further government programs to encourage value added investment are critical. Policies focused on producing propylene and polypropylene from propane, and other value chains such as methane will create billions of dollars in future investment, new products, and long term manufacturing jobs," commented Neil Shelly, Executive Director of AIHA. "There is significant opportunity with lower cost feedstock from natural gas, including a range of petrochemical products. With the right policies in place, the business case for further investment is strong."

Economic Impact of Development

A study commissioned by AIHA, *Economic Impacts of Adding Value to Alberta's Hydrocarbon Resources Study*, prepared by University of Calgary Economist Ron Schlenker reported on the economic impact of new value added development. Current and planned projects will create long term manufacturing jobs that pay \$1.8 billion a year in salaries, and increase provincial revenue by over \$6.5 billion and federal revenue by \$10 billion over a 10 year period respectively. (Please refer to the attached backgrounder)

The report conservatively assesses the impact of a number of petrochemical and hydrocarbon processing projects already sanctioned or being considered in Alberta. Despite the conservative assessment, the report demonstrates significant benefit for long term stable corporate taxes. These revenues provide ongoing stable income to all levels of government and offset the current and future fluctuation in oil and gas commodity prices.

AIHA continues to work cooperatively with industry and other stakeholders under the Alberta Plus campaign, which highlights the importance of enhancing the province's value added sector for the benefit of all Albertans.

For more information and regular updates on Alberta's Industrial Heartland Association, visit www.industrialheartland.com or follow [@ABHeartland](https://twitter.com/ABHeartland) on Twitter.

Alberta's Industrial Heartland Association is a cooperative effort of Lamont County, Strathcona County, Sturgeon County, and the Cities of Edmonton and Fort Saskatchewan. The Association is dedicated to coordinating, advocating, and promoting long-term sustainable development of the Heartland.

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BACKGROUND – ALBERTA’S INDUSTRIAL HEARTLAND

Alberta’s Industrial Heartland is Canada’s largest hydrocarbon processing region with more than 40 industry-based companies in five municipalities which include: City of Edmonton, City of Fort Saskatchewan, Lamont County, Strathcona County and Sturgeon Country. The companies produce fertilizers, energy, petrochemicals and other products for local, national and global markets.

Alberta’s Petrochemical Industry

Alberta’s Industrial Heartland contributes significantly to the province’s petrochemical sector. Alberta is Canada’s leading producer of petrochemicals, shipping about \$12.8 billion of chemicals and chemical products every year. The Government of Alberta currently supports value-added development through initiatives such as the Bitumen Royalty In Kind (BRIK) program and the Incremental Ethylene Extraction Program (IEEP), and through its carbon capture and storage program.

Value Added Development in the Heartland

Current projects under construction or planned in Alberta’s Industrial Heartland are valued at over \$14 billion. This includes a variety of value added development such as North West Redwater Partnership’s project to refine bitumen to high efficiency diesel, as well as Williams Energy’s proposed project to use oilsands-derived propane to produce polymer-grade propylene, a major building block of plastic.

Several existing and planned carbon capture and storage projects in Alberta’s Industrial Heartland will reduce carbon dioxide (CO₂) emissions by 16.2 million tonnes annually. Two notable projects include the [Shell Quest project and Alberta Carbon Trunk Line](#). In addition, [Williams Energy Canada’s offgas processing](#) captures offgas from Alberta’s oil sands upgraders that was previously burned. The first of its kind in the world, Williams reduces upgraders’ annual CO₂ emissions by 300,000 tonnes (up to 500,000 tonnes by 2015). Williams utilizes the captured offgas and extracts valuable byproducts like propane and ethane at its Redwater Fractionator in Alberta’s Industrial Heartland.

Summary of industrial projects under construction or pending in Alberta’s Industrial Heartland:

Under Construction		
North West Redwater Partnership	Bitumen Refinery	\$8,500M
Pembina Pipeline	Fractionation Expansion	\$800M
	Canadian Diluent Hub	\$150M
Keyera Energy	Fractionation Expansion	\$500M
	Josephburg Rail Terminal	\$95M
Air Products	Hydrogen Facility	\$250M
Plains Midstream	Fractionation Expansion	\$250M
ATCO Energy Solutions	Salt Cavern Storage Expansion	\$200M
TransCanada	Grand Rapids Terminal	\$100M
Pending		
Williams Energy	Propylene Complex	\$2,500M
ATCO Power	400MW CCGT Facility	\$800M

*Disclaimer: These estimates are made by AIHA. Please contact the company directly for verification and further information. AIHA holds no responsibility for the use of these estimated figures in investment or other decisions.

BACKGROUND

Economic Impacts of Adding Value to Alberta's Hydrocarbon Resources Study

Alberta's Industrial Heartland Association (AIHA), a key member of Alberta Plus, commissioned University of Calgary economist Ron Schlenker of Schlenker Consulting Ltd. to analyze the economic impacts of current and potential petrochemical and hydrocarbon processing investments in Alberta. The report assesses the general magnitude of economic impact to the entire province.

The report's analysis includes net impacts on gross domestic product (GDP) and revenue for the Government of Alberta generated through corporate taxes, job creation and employment. The analysis is based on information from industry partners, Statistics Canada, and industry consultants.

The scope of analysis is limited to the economic impacts of facility operation and does not include the substantial impacts of project construction or increased demand for upstream domestic oil and gas and further royalties to the government. The report included recently sanctioned projects of North West Redwater Partnership's Sturgeon Refinery, Williams' offgas processing and proposed Propane Dehydrogenation Plant, Nova Chemicals Polyethylene Expansion as well as further downstream development identified in a previous study commissioned by AIHA. This previous study was conducted by IHS entitled *Hydrocarbons Processing Opportunities Study* and identified major opportunities in Alberta for the development of methanol, urea, ethylene and propylene facilities.

Overall, the study is a conservative analysis of the true economic impacts that would occur if Alberta successfully attracts new petrochemical and hydrocarbon processing facilities. The report was prepared throughout the winter of 2012/2013 and released April 16, 2013.

[Download a copy of the study](#) or obtain additional information on the Alberta Plus website:
www.albertaenergyplus.ca

POTENTIAL NET ANNUAL ECONOMIC IMPACTS IN ALBERTA OF THE ANALYZED VALUE ADDED PROJECTS EXPECTED OVER THE NEXT DECADE

GDP	\$6.2 billion
Labour Income	\$1.8 billion
Provincial Government Revenue	\$630 million
Federal Government Revenue (generated in Alberta only)	\$1.0 billion
Employment	19,000 jobs

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